



State of Wisconsin
2013 - 2014 LEGISLATURE



LRB-2083/P

MES:sac:cs

2
fmr

PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION

O-NOTE

WJW

1 **AN ACT** *to renumber and amend* 60.85 (8) (c); *to amend* 66.0602 (3) (dm) and
2 66.1105 (6m) (c); and *to create* 60.85 (8) (c) 2., 60.85 (8) (d), 60.85 (8) (e), 60.85
3 (8) (f), 66.1105 (6m) (d), 66.1105 (6m) (e) and 66.1105 (6m) (f) of the statutes;
4 **relating to:** disseminating information about a tax incremental district's
5 annual budget and value increment, requiring a political subdivision ~~and the~~
6 ~~Department of Revenue~~ to evaluate a tax incremental district's performance,
7 and increasing the amount that a political subdivision may add to its levy limit
8 upon the dissolution of a tax incremental financing district.

Analysis by the Legislative Reference Bureau

Under the current tax incremental financing program, a city or village may create a tax incremental district (TID) in part of its territory to foster development if at least 50 percent of the area to be included in the TID is blighted, in need of rehabilitation or conservation, suitable for industrial sites, or suitable for mixed-use development. Currently, towns and counties also have a limited ability to create a TID under certain circumstances. Before a city or village may create a TID, several steps and plans are required. These steps and plans include public hearings on the proposed TID within specified time frames, preparation and adoption by the local planning commission of a proposed project plan for the TID, approval of the proposed

project plan by the common council or village board, approval of the city's or village's proposed TID by a joint review board that consists of members who represent the overlying taxation districts, and adoption of a resolution by the common council or village board that creates the TID as of a date provided in the resolution.

Also under current law, once a TID has been created, the Department of Revenue (DOR) calculates the "tax incremental base" value of the TID, which is the equalized value of all taxable property within the TID at the time of its creation. If the development in the TID increases the value of the property in the TID above the base value, a "value increment" is created. That portion of taxes collected on the value increment in excess of the base value is called a "tax increment." The tax increment is placed in a special fund that may be used only to pay back the project costs of the TID.

The project costs of a TID, which are initially incurred by the creating city or village, include public works such as sewers, streets, and lighting systems; financing costs; site preparation costs; and professional service costs. DOR authorizes the allocation of the tax increments until the TID terminates or, generally, 20 years, 23 years, or 27 years after the TID is created, depending on the type of TID and the year in which it was created. Also under current law, a city or village may not generally make expenditures for project costs later than five years before the unextended termination date of the TID. Under certain circumstances, the life of the TID, the expenditure period, and the allocation period may be extended.

Generally, under current law, and subject to a number of exceptions, a city, village, town, or county (political subdivision) may not increase its levy by a percentage that exceeds its "valuation factor," which is defined as the greater of either 0 percent or the percentage change in the political subdivision's equalized value due to new construction, less improvements removed. The base amount of a political subdivision's levy, on which the levy limit is imposed, is the actual levy for the immediately preceding year.

Under one of the current law exceptions, if DOR does not certify a value increment for a TID as a result of the district's termination, the levy limit otherwise applicable to the political subdivision is increased by a certain amount.

Under the current law exception to the levy limit relating to DOR not certifying a value increment for a TID that is terminated, the allowable increase is an amount equal to the political subdivision's maximum allowable levy for the preceding year, multiplied by a percentage equal to 50 percent of the amount determined by dividing the terminated TID's value increment by the political subdivision's equalized value, as determined by DOR. This bill increases the percentage from 50 percent to 80 percent.

Also under current law, a political subdivision must annually prepare and make available to the public updated reports describing the status of each TID that exists in the political subdivision. Under this bill, the report must describe the financial status of each existing TID, including an itemized list of prior expenditures made for the TID and revenues received by the TID, as well as anticipated future TID-related expenditures and revenues.

Also under the bill, the annual report that a political subdivision must prepare must also include an assessment of the district's performance compared to the goals of the district contained in its project plan, including amendments to the project plan.

Beginning in 2014, the bill also requires DOR to create and distribute annually to the political subdivision a report card for each TID that is the subject of an annual report. The report card must evaluate the TID in 2 areas, and the political subdivision must make the report card available to the public. (5)

First, DOR must make its own evaluation of the political subdivision's assessment of the TID's performance compared to the goals in its project plan.

Second, DOR must compare the TID at its current age, based on its creation date, to the statewide average of all other TIDs ever created, at that same age, based on at least 2 factors: tax increments generated, and the percentage of projects costs that have been paid off (performance factors). DOR is authorized to use other factors of its choosing for this second area of evaluation.

Based on a TID's performance in these 2 areas, the bill requires DOR to issue a report card with a grade of A, B, C, D, or F. If the TID performs substantially better than its goals in its project plan, and substantially better than the statewide average of performance factors, the TID earns an "A." If the TID is substantially better in one area, and average in the other area, it earns a "B." If the TID is average in both areas, it earns a "C." If the TID is average in one area, and below average in the other area, it earns a "D." If the TID is below average in both areas, it earns an "F."

For further information see the *local* fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

SECTION 1. 60.85 (8) (c) of the statutes is renumbered 60.85 (8) (c) 1. and amended to read:

60.85 (8) (c) 1. The town shall prepare and make available to the public updated annual reports describing the status of each existing tax incremental district, including expenditures and revenues. The town shall send a copy of the report to each overlying district by ~~May~~ July 1 annually. Except as provided in subd. 2., the report shall also contain the most recent annual budget for each existing tax incremental district and an explanation of each district's value increment and how the value increment affects property taxes in the district.

SECTION 2. 60.85 (8) (c) 2. of the statutes is created to read:

*** (2) -> NOTE. Do you want to specify a purpose, or any requirements, for the hearing?

hearing

60.85 (8) (c) 2. A town may decline to include in its report the most recent annual budget and the value increment explanation described in subd. 1., except that if it does not include the budget the town shall hold a public hearing at which each such budget and the value increment explanation is discussed.

SECTION 3. 60.85 (8) (d) of the statutes is created to read:

60.85 (8) (d) In the annual report described under par. (c), the town shall also include an assessment of each existing tax incremental district's performance. The assessment shall compare a district's ^{total actual expenditures to the amount} ~~current status~~ ^{total} to the goals for the district as specified in the project plan approved by the town board. This assessment shall be completed by the ^{town's chief financial officer} ~~town~~ ^{on a form created and distributed by the department of} ~~revenue~~ ^{of tax increments received and determine whether} ~~of balance.~~ ^{these amounts are the same or if they are out}

SECTION 4. 60.85 (8) (e) of the statutes is created to read:

60.85 (8) (e) Annually, beginning in 2014, the ^{town's chief financial officer} ~~department of revenue~~ shall prepare a report card for each tax incremental district for which the town prepares a report described under par. (c). The report card shall evaluate each tax incremental district ^{based on the degree to which the district's total actual} ~~in the following areas, using a grading system described in par. (f)~~

1. ~~Using the town's assessment under par. (d), the department shall conduct its own evaluation of how well the district is currently performing compared to the benchmark goals for the district that are specified in its approved project plan.~~

2. ~~The department shall compare the district's performance to the benchmark statewide average performance of all other tax incremental districts of the same age that have been created under this section and under ch. 66. The age of a district shall be calculated based on its creation date. The factors the department shall use in evaluating a district's performance shall be determined by the department, and shall include at least all of the following:~~

out of balance
LPS: pena

1 a. The amount of tax increments that are generated by the district at its current
2 age compared to the statewide average amount of tax increments generated by other
3 districts at the same age.

4 b. The percentage of the district's project costs which have been paid off
5 compared to the statewide average of the percentage of project costs that have been
6 paid off by other districts at the same age.

7 SECTION 5. 60.85 (8) (f) of the statutes is created to read:

8 60.85 (8) (f) The ~~department~~ ^{town} shall issue a report card as described in par. (e),
9 which it shall forward to the town board. The report card shall contain the
10 ~~department's~~ ^{chief financial officer's} explanation of the methods and data ~~used~~ ^{he or she} used to evaluate a tax
11 incremental district. The town board shall make the report card and the
12 ~~department's~~ ^{town's chief financial officer's} explanation available to members of the public. The ~~department~~ shall
13 award a tax incremental district one of the following grades on its report card:

14 1. An "A" if the district's ~~performance under par. (e) 1.~~ ^{performance} is substantially better
15 ~~than its benchmark goals in the project plan, and the district's performance under~~
16 ~~par. (e) 2. is substantially better than the benchmark statewide average as described~~
17 ~~in par. (e) 2.~~ ^{are balanced}

18 2. A "B" if the district's ~~performance in one of the categories described in par.~~
19 ~~(f) 1. is substantially better than its benchmark, and at least average in comparison~~
20 ~~to the other benchmark.~~ ^{are within 5 percent of being balanced}

21 3. A "C" if the district's ~~performance in both of the categories described in par.~~
22 ~~(e) is average in comparison to the benchmarks.~~ ^{are within 10 percent of being balanced}

23 4. A "D" if the district's ~~performance in one of the categories described in par.~~
24 ~~(f) 1. is at least average compared to its benchmark, and below average in comparison~~
25 ~~to the other benchmark.~~ ^{are within 15 percent of being balanced}

5. An "F" if the district's
are more than 15 percent
out of balance.

total actual expenditures
and total tax increments received

5. An "F" if the district's performance in both of the categories described in par. (e) is below average in comparison to the benchmarks.

SECTION 6. 66.0602 (3) (dm) of the statutes is amended to read:

66.0602 (3) (dm) If the department of revenue does not certify a value increment for a tax incremental district for the current year as a result of the district's termination, the levy increase limit otherwise applicable under this section in the current year to the political subdivision in which the district is located is increased by an amount equal to the political subdivision's maximum allowable levy for the immediately preceding year, multiplied by a percentage equal to 50 80 percent of the amount determined by dividing the value increment of the terminated tax incremental district, calculated for the previous year, by the political subdivision's equalized value for the previous year, all as determined by the department of revenue.

SECTION 7. 66.1105 (6m) (c) of the statutes is amended to read:

66.1105 (6m) (c) The city shall prepare and make available to the public updated annual reports describing the financial status of each existing tax incremental district, including an itemized list of expenditures paid and revenues received in prior years, and anticipated expenditures to be paid, and revenues to be received, in future years. The city shall send a copy of the report to each overlying district by May July 1 annually and shall present the report to the common council an at an open meeting. The city shall also hold a hearing in conjunction with the presentation of the report on the report

SECTION 8. 66.1105 (6m) (d) of the statutes is created to read:

66.1105 (6m) (d) In the annual report described under par. (c), the city shall also include an assessment of each existing tax incremental district's performance. The assessment shall compare a district's current status to the goals for the district.

NOTE: Do you want to specify a purpose, or any requirements, for the hearing?

1 ~~as specified in the project plan approved by the common council~~ This assessment
2 shall be completed by the ~~city~~ on a form created and distributed by the department
3 ~~of revenue~~ city's chief financial officer ←

4 SECTION 9. 66.1105 (6m) (e) of the statutes is created to read:

5 66.1105 (6m) (e) Annually, beginning in 2014, the ~~department of revenue~~
6 prepare a report card for each tax incremental district for which the city prepares a
7 report described under par. (c). The report card shall evaluate each tax incremental
8 district INS 7-8 in the following areas, using a grading system described in par. (f):

9 1. Using the city's assessment under par. (d), the department shall conduct its
10 own evaluation of how well the district is currently performing compared to the
11 benchmark goals for the district that are specified in its approved project plan.

12 2. The department shall compare the district's performance to the benchmark
13 statewide average performance of all other tax incremental districts of the same age
14 that have been created under this chapter and s. 60.85. The age of a district shall
15 be calculated based on its creation date. The factors the department shall use in
16 evaluating a district's performance shall be determined by the department, and shall
17 include at least all of the following:

18 a. The amount of tax increments that are generated by the district at its current
19 age compared to the statewide average amount of tax increments generated by other
20 districts at the same age.

21 b. The percentage of the district's project costs which have been paid off
22 compared to the statewide average of the percentage of project costs that have been
23 paid off by other districts at the same age.

24 SECTION 10. 66.1105 (6m) (f) of the statutes is created to read:

total actual expenditures and total
tax increments received

66.1105 (6m) (f) The ~~department~~ ^{city} shall issue a report card as described in par.

(e), which it shall forward to the common council. The report card shall contain the

~~department~~ ^{chief financial officer's} explanation of the methods and data ^{he or she} used to evaluate a tax

incremental district. The common council shall make the report card and the

~~department~~ ^{city's chief financial officer,} explanation available to members of the public. The ~~department~~ shall

award a tax incremental district one of the following grades on its report card:

1. An "A" if the district's ~~performance under par. (e) 1.~~ is substantially better
~~than its benchmark goals in the project plan, and the district's performance under~~

~~par. (e) 2. is substantially better than the benchmark statewide average as described~~
~~in par. (e) 2.~~ ^{are balanced}

2. A "B" if the district's ~~performance in one of the categories described in par.~~

~~(f) 1. is substantially better than its benchmark, and at least average in comparison~~
~~to the other benchmarks.~~ ^{are within 5 percent of being balanced}

3. A "C" if the district's ~~performance in both of the categories described in par.~~

~~(e) is average in comparison to the benchmarks.~~ ^{are within 10 percent of}
^{being balanced}

4. A "D" if the district's ~~performance in one of the categories described in par.~~

~~(f) 1. is at least average compared to its benchmark, and below average in comparison~~
~~to the other benchmarks.~~ ^{are within 15 percent of being balanced}

5. An "F" if the district's ~~performance in both of the categories described in par.~~

~~(e) is below average in comparison to the benchmarks.~~ ^{are more than 15}
^{percent out of balance}

SECTION 11. Initial applicability.

(1) The treatment of section 66.0602 (3) (dm) of the statutes first applies to a
levy that is imposed in December 2013.

(END)

D-NOTE

**2013-2014 DRAFTING INSERT
FROM THE
LEGISLATIVE REFERENCE BUREAU**

LRB-2083/P2ins
MES:sac:rs

INS ANL

^{not} If the amount of a TID's expenditures and tax increments received are balanced, the TID earns an "A." If these amounts are within 5 percent of being balanced, the TID earns a "B." If they are within 10 percent the TID earns a "C." If they are within 15 percent the TID earns a "D", and if they are more than 15 percent out of balance, the TID earns an "F."

INS 6-13

✓

SECTION 1. 66.1105 (2) (f) 1. o. of the statutes is created to read:

66.1105 (2) (f) 1. o. Subject to subd. 4., expenses incurred by the city to recruit a new business to locate in the tax incremental district.

✓

SECTION 2. 66.1105 (2) (f) 1. p. of the statutes is created to read:

66.1105 (2) (f) 1. p. Subject to subd. 4., expenses incurred by the city to remodel the interior space of an existing building that is located in the tax incremental district to make the space useable for a business.

****NOTE: Does subd. 1. p. meet your intent? I'm not sure whether this expense refers only to interior spaces of an existing building, or if it could apply to exterior spaces as well.

~~INS 6-24~~ (INS 6-13 continues) ↓

SECTION 3. 66.1105 (2) (f) 4. of the statutes is created to read:

✓

66.1105 (2) (f) 4. LPS: There is no text for 4. in this version.

****NOTE: Subd. 4. will contain the anti-piracy provisions. This will be identical to the anti piracy provisions created in your other draft, LRB -2309/P1, but Eric Mueller has informed me that he is currently redrafting those provisions. When the anti-piracy provisions meet your intent in that draft, I will put them in this draft too.

INS 6-25
no 9 { total actual expenditures to the total amount of tax increments received and determine whether these amounts are the same or if they are out of balance.

INS 7-8

based on the degree to which the district's total actual expenditures and total tax increments received are balanced or out of balanced



DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-2083/P2dn

MES:sac:rs

-date-

Rep. Weininger:

As I discuss in a *****NOTE in the body of the bill, I have not included the anti-piracy provisions in this version of the draft. They will be the same as the anti-piracy provisions in another TID draft of yours, LRB -2309/P1, but my understanding is that those provisions are being redrafted. When they meet your intent in that draft, I will add them to this draft.

I've changed the grading system in this version fo the draft according to your instructions. You may want to verify this with DOR but it is my guess that, under this proposal, almost all TIDs will receive an "F" grade for many years after their creation. My understanding is that most of the project costs will come at the early stages of a TID's development, and the reason that TIDs exist for such a long period of time, and may receive tax increments for so many years, is because it takes a long time to pay back the city's project costs. If this is the case, it would be reasonable to assume that expenditures and revenues will be way more than 15% out of balance for many years of a TID's life.

Marc E. Shovers
Managing Attorney
Phone: (608) 266-0129
E-mail: marc.shovers@legis.wisconsin.gov

DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-2083/P2dn
MES:sac:jm

June 27, 2013

Rep. Weininger:

As I discuss in a ****NOTE in the body of the bill, I have not included the anti-piracy provisions in this version of the draft. They will be the same as the anti-piracy provisions in another TID draft of yours, LRB -2309/P1, but my understanding is that those provisions are being redrafted. When they meet your intent in that draft, I will add them to this draft.

I've changed the grading system in this version fo the draft according to your instructions. You may want to verify this with DOR but it is my guess that, under this proposal, almost all TIDs will receive an "F" grade for many years after their creation. My understanding is that most of the project costs will come at the early stages of a TID's development, and the reason that TIDs exist for such a long period of time, and may receive tax increments for so many years, is because it takes a long time to pay back the city's project costs. If this is the case, it would be reasonable to assume that expenditures and revenues will be way more than 15% out of balance for many years of a TID's life.

Marc E. Shovers
Managing Attorney
Phone: (608) 266-0129
E-mail: marc.shovers@legis.wisconsin.gov

Shovers, Marc

From: Reader, Kirsten
Sent: Tuesday, August 13, 2013 1:14 PM
To: Shovers, Marc
Subject: TIF Questions and Changes

Hi, Marc:

✓ Rep. Weininger had a question on the current draft, LRB 2083/P2 – on page 5, line 17, the change from 50 to 80%, is this actually an incentive to close early? Chad just wants to make sure that this is an incentive for the municipalities to close their TIDs early if possible – if not, what could we change that incentive to?

✓ In addition to the changes we've already discussed on the grading system, the anti-piracy language in Eric Mueller's LRB 2309/P2 is good to use in this draft as well. As a reminder, the language should only be used for the new eligible expenses – recruitment or whiteboxing.

D-note ✓ you and I had also discussed some additions Rep. Weatherston wanted to include. Rep. Weininger would like to know if Rep. Weatherston is able to draft legislation specific for his Village of Caledonia TID. Chad mentioned that there was some legislation he wanted to draft last session that was more specific and he was unable to do so. We would also like to extend a TID's life if the municipality has kept their TIDs at a B average (as previously discussed) – they would be able to extend by 10 years and could continue to make expenses during that time. The plan would need to be approved by JRB, so if they need to make more expenses, they could do so. If they have used up all the TIDs extensions or plan changes prior to the 10 year extension, they would be allowed to make one more plan change with JRB approval. I know we had talked about it being 3 or 5 changes allowed per TID – just give them one more if they've already used up the limit.

Thanks, Marc. Please let me know questions or concerns!

Kirsten Reader
Research Assistant
Office of Representative Chad Weininger
125 West, State Capitol
608-266-5840 / Kirsten.Reader@legis.wisconsin.gov

Shovers, Marc

From: Reader, Kirsten
Sent: Monday, August 05, 2013 8:58 AM
To: Shovers, Marc
Subject: RE: LRB - 2083/P2

just average all TIDs

Hi, Marc:

For your first question on increasing the 12% rule, the grades should all be based off how close they are to their original or amended TID plan. Chad liked the idea of having them based on size or value, but for now, we'd like to just keep the draft based on the health of the TID – the TIDs need to be healthy regardless of size or value. Let me know if there is a question on this.

compare estimates for exp. & revenues in the plan

For your second question, we know that the expenses are going to be immense for the first 8 years of the TID life, so that's why the plan needs to project that – as long as the actual expenses and actual revenues are close to what the plan's expenses and revenues are for the 8 years, they can get the 'B' grade. Give me a call on this if you still have questions.

I also would like to talk to you about some additional changes we'd like to make.

Thanks!

Kirsten Reader
Research Assistant
Office of Representative Chad Weininger
125 West, State Capitol
608-266-5840 / Kirsten.Reader@legis.wisconsin.gov

From: Shovers, Marc
Sent: Monday, July 22, 2013 4:47 PM
To: Reader, Kirsten
Subject: RE: LRB - 2083/P2

Hi Kirsten:

I have another question. One of your instructions states the following:

For the grading system – could you please include that for the first 8 years of the TID's life, a TID may be graded a 'B' if the projected revenues and expenses balance – we understand the expenses will be out of proportion with the increment, and this addresses that concern.

I don't think that this instruction addresses the concern that I raised regarding expenses and revenues being out of balance – especially during the early years of a TID's life. I think that because so many project costs are incurred in the early years of a TID's life, my guess is that most TIDs will be way more than 15 percent out of balance (an "F" grade) for many years.

Under the /P2 version of the bill, a TID with balanced expenses and revenues would get an "A", so saying a TID may receive a "B" grade for the first 8 years of a TID's life if its expenses and revenues balance doesn't really address the problem at all, and gives the TID a worse grade that it would earn under the /P2 version, so I'm not sure if this instruction is stated correctly. Thanks.

Marc

From: Shovers, Marc
Sent: Monday, July 22, 2013 4:32 PM
To: Reader, Kirsten
Subject: RE: LRB - 2083/P2

Hi Kirsten:

I'm starting the next version of this draft and I have a question about the change to the 12% rule in s. 66.1105 (4) (gm) 4. c.

How should one determine whether the average grade of a city's TIDs is "B"? For example, would one merely average the grades of all TIDs in the city without regard to their size or the equalized value of property within the TID, or should the grade be weighted so the "grade" of a TID with 4 times the equalized value of another TID counts 4 times as much in determining the average grade?

Thanks, Kirsten.

Marc

From: Reader, Kirsten
Sent: Monday, July 15, 2013 1:22 PM
To: Shovers, Marc
Subject: RE: LRB - 2083/P2

I'm still waiting to see the draft back from Eric. As for the 12 to 15% question...let me ask Rep. Weininger and get back to you.

Thanks, Marc!

Kirsten Reader
Research Assistant
Office of Representative Chad Weininger
125 West, State Capitol
608-266-5840 / Kirsten.Reader@legis.wisconsin.gov

From: Shovers, Marc
Sent: Monday, July 15, 2013 12:08 PM
To: Reader, Kirsten
Subject: RE: LRB - 2083/P2

Hi Kirsten:

I didn't include the anti-piracy language in this draft because it was based on the language in another draft that Eric was working on and my understanding is that the anti-piracy instructions were not finalized.

Eric is out today so I can't ask him about the status of that draft, but I thought he got you a version of the draft with the anti-piracy language and that he was waiting for feedback from your office. Do I have that right, or is it your understanding that Eric has the updated instructions and that you're waiting for him to get you another version? As soon as a version of the anti-piracy language is final from your end, I'll add it to this draft.

As for going from 12% to 15%, is that just a one-time possibility? So if a TID ever gets a B grade, they may increase by 3%, from 12% to 15%, but that this increase may only happen once? What if they increase to 15% and then get a C grade or below? Would there be any consequences?

Thanks, Kirsten!

Marc

if one TID ends, and the % \rightarrow below 12%; if ave grade is B, they can go back to 15%
The only time ~~the~~ % \rightarrow 12% if 2 things happen: eq. value is $<$ 12% & ave grade is $<$ B
LB

From: Reader, Kirsten

Sent: Monday, July 15, 2013 10:44 AM

To: Shovers, Marc

Subject: LRB - 2083/P2

Hi, Marc:

Rep. Weininger and I finally had a chance to go over the TIF bill, LRB-2083/P2, so I wanted to send you some changes/questions.

To clarify, I think the public hearing component is in the bill, but could you just confirm that for me? Rep. Weininger would like there to be a public hearing for the governing body for each TID and each year. This would be where they would address the state of the TID and where the increments and expenses are.

For the grading system – could you please include that for the first 8 years of the TID's life, a TID may be graded a 'B' if the projected revenues and expenses balance – we understand the expenses will be out of proportion with the increment, and this addresses that concern.

the comparison is to the plan not,

Also, could you please add that if a municipality has received an average grade of 'B' or better on its TIDs, then they may exceed the 12% by 3%, so they are able to go up to 15%. The excess would still need to be approved by the Joint Review Board.

Any word on whether the anti-piracy language is done?

balance exp vs. revenue

Thanks, Marc – let me know if there are questions.

compare plan

Kirsten Reader

Research Assistant

Office of Representative Chad Weininger

125 West, State Capitol

608-266-5840 / Kirsten.Reader@legis.wisconsin.gov

additional

can extend the life of a TID by up to 10 yrs
if ave of all TIDs is a B – extend expenditures
too on just increments? Kirsten will c/B

Shovers, Marc

From: Reader, Kirsten
Sent: Monday, July 15, 2013 1:22 PM
To: Shovers, Marc
Subject: RE: LRB - 2083/P2

I'm still waiting to see the draft back from Eric. As for the 12 to 15% question...let me ask Rep. Weininger and get back to you.

Thanks, Marc!

Kirsten Reader
Research Assistant
Office of Representative Chad Weininger
125 West, State Capitol
608-266-5840 / Kirsten.Reader@legis.wisconsin.gov

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Sent: Monday, July 15, 2013 12:08 PM
To: Reader, Kirsten
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I didn't include the anti-piracy language in this draft because it was based on the language in another draft that Eric was working on and my understanding is that the anti-piracy instructions were not finalized.

Eric is out today so I can't ask him about the status of that draft, but I thought he got you a version of the draft with the anti-piracy language and that he was waiting for feedback from your office. Do I have that right, or is it your understanding that Eric has the updated instructions and that you're waiting for him to get you another version? As soon as a version of the anti-piracy language is final from your end, I'll add it to this draft.

As for going from 12% to 15%, is that just a one-time possibility? So if a TID ever gets a B grade, they may increase by 3%, from 12% to 15%, but that this increase may only happen once? What if they increase to 15% and then get a C grade or below? Would there be any consequences?

Thanks, Kirsten!

Marc

From: Reader, Kirsten
Sent: Monday, July 15, 2013 10:44 AM
To: Shovers, Marc
Subject: LRB - 2083/P2

Hi, Marc:

Rep. Weininger and I finally had a chance to go over the TIF bill, LRB-2083/P2, so I wanted to send you some changes/questions.

→ if grade goes down, keep level at 15%

"B" average
among all their
TIDS

To clarify, I think the public hearing component is in the bill, but could you just confirm that for me? Rep. Weininger would like their to be a public hearing for the governing body for each TID and each year. This would be where they would address the state of the TID and where the increments and expenses are.

For the grading system – could you please include that for the first 8 years of the TID's life, a TID may be graded a 'B' if the projected revenues and expenses balance – we understand the expenses will be out of proportion with the increment, and this addresses that concern.

Also, could you please add that if a municipality has received an average grade of 'B' or better on its TIDs, then they may exceed the 12% by 3%, so they are able to go up to 15%. The excess would still need to be approved by the Joint Review Board.

Any word on whether the anti-piracy language is done?

Thanks, Marc – let me know if there are questions.

Kirsten Reader
Research Assistant
Office of Representative Chad Weininger
125 West, State Capitol
608-266-5840 / Kirsten.Reader@legis.wisconsin.gov

If (a) 12% \rightarrow 15%
& one TID Terminates
and they go back to
12%; then if "B" are
achieved, they may
go back to 15%

Shovers, Marc

From: Reader, Kirsten
Sent: Tuesday, September 17, 2013 4:26 PM
To: Shovers, Marc
Subject: RE: TIF - LRB 2083/2

Thanks, Marc!

Kirsten Reader
Research Assistant
Office of Representative Chad Weininger
125 West, State Capitol
608-266-5840 / Kirsten.Reader@legis.wisconsin.gov

From: Shovers, Marc
Sent: Tuesday, September 17, 2013 4:26 PM
To: Reader, Kirsten
Subject: RE: TIF - LRB 2083/2

Hi Kirsten:

It's in editing . . . If it hasn't gone through the process yet, I'll pull it out and add this in. Thanks.

Marc

From: Reader, Kirsten
Sent: Tuesday, September 17, 2013 4:24 PM
To: Shovers, Marc
Subject: TIF - LRB 2083/2

Hi, Marc:

I would like to include the following language into our larger TIF bill.

Section 66.1105(2)(f)2.b. could be amended to say:

66.1105(2)(f)2.b. The cost of constructing or expanding any facility, except a parking structure that supports redevelopment activities, if the city generally finances similar facilities only with utility user fees.

Thanks, and please let me know questions!

Kirsten Reader
Research Assistant
Office of Representative Chad Weininger
125 West, State Capitol
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State of Wisconsin
2013 - 2014 LEGISLATURE

8EUM



9/P3

LRB-208372

MES:sac/m9

RMR

PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION

D-NOTE

WANTED;
Thurs.

LPS: make marked changes
to Addl. Drafts and
Extra Copies on
request sheet

Wym

1 AN ACT *to renumber and amend* 60.85 (8) (c); *to amend* 66.0602 (3) (dm) and
2 66.1105 (6m) (c); and *to create* 60.85 (8) (c) 2., 60.85 (8) (d), 60.85 (8) (e), 60.85
3 (8) (f), 66.1105 (2) (f) 1. o., 66.1105 (2) (f) 1. p., 66.1105 (2) (f) 4., 66.1105 (6m) (d),
4 66.1105 (6m) (e) and 66.1105 (6m) (f) of the statutes; **relating to:** disseminating
5 information about a tax incremental district's annual budget and value
6 increment, requiring a political subdivision to evaluate a tax incremental
7 district's performance, ~~and~~ increasing the amount that a political subdivision
8 may add to its levy limit upon the dissolution of a tax incremental financing
9 district *extending the life and expenditure period for certain*
tax incremental financing districts, and the

Analysis by the Legislative Reference Bureau

Under the current tax incremental financing program, a city or village may create a tax incremental district (TID) in part of its territory to foster development if at least 50 percent of the area to be included in the TID is blighted, in need of rehabilitation or conservation, suitable for industrial sites, or suitable for mixed-use development. Currently, towns and counties also have a limited ability to create a TID under certain circumstances. Before a city or village may create a TID, several steps and plans are required. These steps and plans include public hearings on the

INS
1-9

proposed TID within specified time frames, preparation and adoption by the local planning commission of a proposed project plan for the TID, approval of the proposed project plan by the common council or village board, approval of the city's or village's proposed TID by a joint review board that consists of members who represent the overlying taxation districts, and adoption of a resolution by the common council or village board that creates the TID as of a date provided in the resolution.

Also under current law, once a TID has been created, the Department of Revenue (DOR) calculates the "tax incremental base" value of the TID, which is the equalized value of all taxable property within the TID at the time of its creation. If the development in the TID increases the value of the property in the TID above the base value, a "value increment" is created. That portion of taxes collected on the value increment in excess of the base value is called a "tax increment." The tax increment is placed in a special fund that may be used only to pay back the project costs of the TID.

The project costs of a TID, which are initially incurred by the creating city or village, include public works such as sewers, streets, and lighting systems; financing costs; site preparation costs; and professional service costs. DOR authorizes the allocation of the tax increments until the TID terminates or, generally, 20 years, 23 years, or 27 years after the TID is created, depending on the type of TID and the year in which it was created. Also under current law, a city or village may not generally make expenditures for project costs later than five years before the unextended termination date of the TID. Under certain circumstances, the life of the TID, the expenditure period, and the allocation period may be extended.

Generally, under current law, and subject to a number of exceptions, a city, village, town, or county (political subdivision) may not increase its levy by a percentage that exceeds its "valuation factor," which is defined as the greater of either 0 percent or the percentage change in the political subdivision's equalized value due to new construction, less improvements removed. The base amount of a political subdivision's levy, on which the levy limit is imposed, is the actual levy for the immediately preceding year.

Under one of the current law exceptions, if DOR does not certify a value increment for a TID as a result of the district's termination, the levy limit otherwise applicable to the political subdivision is increased by a certain amount.

Under the current law exception to the levy limit relating to DOR not certifying a value increment for a TID that is terminated, the allowable increase is an amount equal to the political subdivision's maximum allowable levy for the preceding year, multiplied by a percentage equal to 50 percent of the amount determined by dividing the terminated TID's value increment by the political subdivision's equalized value, as determined by DOR. This bill increases the percentage from 50 percent to 80 percent.

Also under current law, a political subdivision must annually prepare and make available to the public updated reports describing the status of each TID that exists in the political subdivision. Under this bill, the report must describe the financial status of each existing TID, including an itemized list of prior expenditures

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to
p. 3

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made for the TID and revenues received by the TID, as well as anticipated future TID-related expenditures and revenues.

Also under the bill, the annual report that a political subdivision must prepare must also include an assessment of the district's total actual expenditures to the total amount of tax increments received and determine whether these amounts are the same or if they are out of balance.

Beginning in 2014, the bill also requires a political subdivision's chief financial officer to create and distribute annually to the political subdivision a report card for each TID that is the subject of an annual report. The report card must evaluate the degree to which the district's expenditures and tax increments received are balanced, and the political subdivision must make the report card available to the public.

Based on the degree to which a TID's expenditures and revenues are balanced, the bill requires a political subdivision to issue a report card with a grade of A, B, C, D, or F. If the amount of a TID's expenditures and tax increments received are balanced, the TID earns an "A." If these amounts are within 5 percent of being balanced, the TID earns a "B." If they are within 10 percent the TID earns a "C." If they are within 15 percent the TID earns a "D", and if they are more than 15 percent out of balance, the TID earns an "F."

For further information see the *local* fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

SECTION 1. 60.85 (8) (c) of the statutes is renumbered 60.85 (8) (c) 1. and amended to read:

60.85 (8) (c) 1. The town shall prepare and make available to the public updated annual reports describing the status of each existing tax incremental district, including expenditures and revenues. The town shall send a copy of the report to each overlying district by May July 1 annually. Except as provided in subd. 2., the report shall also contain the most recent annual budget for each existing tax incremental district and an explanation of each district's value increment and how the value increment affects property taxes in the district. The town shall also hold a hearing on the report.

***NOTE: Do you want to specify a purpose, or any requirements, for the hearing?

✓
1 **SECTION 2.** 60.85 (8) (c) 2. of the statutes is created to read:

2 60.85 (8) (c) 2. A town may decline to include in its report the most recent
3 annual budget and the value increment explanation described in subd. 1., except
4 that if it does not include the budget the town shall hold a public hearing at which
5 each such budget and the value increment explanation is discussed.

✓
6 **SECTION 3.** 60.85 (8) (d) of the statutes is created to read:

7 60.85 (8) (d) In the annual report described under par. (c), the town shall also
8 include an assessment of each existing tax incremental district's performance. The
9 assessment shall compare a district's total actual expenditures to the total amount
10 of tax increments received and determine whether these amounts are the same or
11 if they are out of balance. This assessment shall be completed by the town's chief
12 financial officer.

✓
13 **SECTION 4.** 60.85 (8) (e) of the statutes is created to read:

14 60.85 (8) (e) Annually, beginning in 2014, the town's chief financial officer shall
15 prepare a report card for each tax incremental district for which the town prepares
16 a report described under par. (c). The report card shall evaluate each tax incremental
17 district based on the degree to which the district's total actual expenditures and total
18 tax increments received are balanced or out of balance.

✓
19 **SECTION 5.** 60.85 (8) (f) of the statutes is created to read:

20 60.85 (8) (f) The town shall issue a report card as described in par. (e), which
21 it shall forward to the town board. The report card shall contain the chief financial
22 officer's explanation of the methods and data he or she used to evaluate a tax
23 incremental district. The town board shall make the report card and the explanation
24 available to members of the public. The town's chief financial officer shall award a
25 tax incremental district one of the following grades on its report card:

1 1. An "A" if the district's total actual expenditures and total tax increments
2 received are balanced.

3 2. A "B" if the district's total actual expenditures and total tax increments
4 received are within 5 percent of being balanced.

5 3. A "C" if the district's total actual expenditures and total tax increments
6 received are within 10 percent of being balanced.

7 4. A "D" if the district's total actual expenditures and total tax increments
8 received are within 15 percent of being balanced.

9 5. An "F" if the district's total actual expenditures and total tax increments
10 received are more than 15 percent out of balance.

11 **SECTION 6.** 66.0602 (3) (dm) of the statutes is amended to read:

12 66.0602 (3) (dm) If the department of revenue does not certify a value
13 increment for a tax incremental district for the current year as a result of the
14 district's termination, the levy increase limit otherwise applicable under this section
15 in the current year to the political subdivision in which the district is located is
16 increased by an amount equal to the political subdivision's maximum allowable levy
17 for the immediately preceding year, multiplied by a percentage equal to ~~50~~ 80 percent
18 of the amount determined by dividing the value increment of the terminated tax
19 incremental district, calculated for the previous year, by the political subdivision's
20 equalized value for the previous year, all as determined by the department of
21 revenue.

22 **SECTION 7.** 66.1105 (2) (f) 1. o. of the statutes is created to read:

23 66.1105 (2) (f) 1. o. Subject to subd. 4., expenses incurred by the city to recruit
24 a new business to locate in the tax incremental district.

25 **SECTION 8.** 66.1105 (2) (f) 1. p. of the statutes is created to read:

INS 1
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66.1105 (2) (f) 1. p. Subject to subd. 4., expenses incurred by the city to remodel the interior space of an existing building that is located in the tax incremental district to make the space useable for a business.

****NOTE: Does subd. 1. p. meet your intent? I'm not sure whether this expense refers only to interior spaces of an existing building, or if it could apply to exterior spaces as well.

4 SECTION 9. 66.1105 (2) (f) 4. of the statutes is created to read:

5 66.1105 (2) (f) 4.

INS 6-6
6-6

****NOTE: Subd. 4. will contain the anti-piracy provisions. This will be identical to the anti piracy provisions created in your other draft, LRB-2309/P1, but Eric Mueller has informed me that he is currently redrafting those provisions. When the anti-piracy provisions meet your intent in that draft, I will put them in this draft too.

6 SECTION 10. 66.1105 (6m) (c) of the statutes is amended to read:

7 66.1105 (6m) (c) The city shall prepare and make available to the public
8 updated annual reports describing the financial status of each existing tax
9 incremental district, including an itemized list of expenditures paid and revenues
10 received in prior years, and anticipated expenditures to be paid, and revenues to be
11 received, in future years. The city shall send a copy of the report to each overlying
12 district by May July 1 annually and shall present the report to the common council
13 at an open meeting. The city shall also hold a hearing on the report in conjunction
14 with the presentation of the report.

****NOTE: Do you want to specify a purpose, or any requirements, for the hearing?

15 SECTION 11. 66.1105 (6m) (d) of the statutes is created to read:

16 66.1105 (6m) (d) In the annual report described under par. (c), the city shall
17 also include an assessment of each existing tax incremental district's performance.
18 The assessment shall compare a district's total actual expenditures to the total
19 amount of tax increments received and determine whether these amounts are the

1 same or if they are out of balance. This assessment shall be completed by the city's
2 chief financial officer.

3 **SECTION 12.** 66.1105 (6m) (e) of the statutes is created to read:

4 66.1105 (6m) (e) Annually, beginning in 2014, the city's chief financial officer
5 shall prepare a report card for each tax incremental district for which the city
6 prepares a report described under par. (c). The report card shall evaluate each tax
7 incremental district based on the degree to which the district's total actual
8 expenditures and total tax increments received are balanced or out of balance.

9 **SECTION 13.** 66.1105 (6m) (f) of the statutes is created to read:

10 66.1105 (6m) (f) The city shall issue a report card as described in par. (e), which
11 it shall forward to the common council. The report card shall contain the chief
12 financial officer's explanation of the methods and data he or she used to evaluate a
13 tax incremental district. The common council shall make the report card and the
14 explanation available to members of the public. The city's chief financial officer shall
15 award a tax incremental district one of the following grades on its report card:

16 1. An "A" if the district's total actual expenditures and total tax increments
17 received are balanced.

18 2. A "B" if the district's total actual expenditures and total tax increments
19 received are within 5 percent of being balanced.

20 3. A "C" if the district's total actual expenditures and total tax increments
21 received are within 10 percent of being balanced.

22 4. A "D" if the district's total actual expenditures and total tax increments
23 received are within 15 percent of being balanced.

24 5. An "F" if the district's total actual expenditures and total tax increments
25 received are more than 15 percent out of balance.

INS 7-25 →

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SECTION 14. Initial applicability.

(1) The treatment of section 66.0602 (3) (dm) of the statutes first applies to a levy that is imposed in December 2013.

(END)

O-Note

2013-2014 DRAFTING INSERT
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-2083/P3ins
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The bill also expands the definition of project costs to include a parking structure that supports redevelopment activities.

INS ANL

Under this bill, for a TID that has at least a "B" grade in the year in which it would otherwise be required to terminate, the TID's life may be extended for 10 years, and expenditures may be made for an additional 5 years, if the planning commission amends the district's project plan to change the district's boundaries. An amendment to a TID's project plan is subject to approval by the common council or village board (governing body), and the joint review board. If the TID's project plan has already been amended the maximum number of times that are allowable (4 times under current law), the TID's life and expenditure period may still be extended for 10 and 5 years, respectively, if the joint review board approves a planning commission request to do so; final approval would still be subject to the current law provisions for amending a project plan.

Currently, before a TID may be created or its project plan amended, the city or village must adopt a resolution containing a finding that the equalized value of taxable property of the TID plus the value increment of all existing TIDs does not exceed 12 percent of the total equalized value of taxable property in the city or village (the "12 percent test"), subject to one exception. Under the exception, a city or village may simultaneously create a new TID and subtract territory from an existing TID without adopting a resolution containing the 12 percent test if the city or village demonstrates to DOR that the value of the territory that is subtracted at least equals the amount that DOR believes is necessary to ensure that, when the new TID is created, the 12 percent test is met. The city or village must also certify to DOR that no other district created under this exception currently exists in the city or village.

Under this bill, subject to a number of exceptions, if the average grade of all of the TIDs in a city or village is at least a B in any year, the 12 percent test becomes a 15 percent test. Under certain circumstances, the 15 percent test may revert back to a 12 percent test, and this limit may change back and forth depending on a number of factors related to the average grade of TIDs in the city or village, the creation of new TIDs, and the equalized value of taxable property of all existing districts within the city.

INS 6-6

SECTION 1. 66.1105 (6) (am) 6. of the statutes is created to read:

66.1105 (6) (am) 6. No expenditure may be made later than 5 years before the termination date of a tax incremental district to which sub. (7) (av) applies.

INS 7-25

SECTION 2. 66.1105 (7) (av) of the statutes is created to read:

Notwithstanding the limits specified in
pars. (ak) and (am),
(ak) (am)

* 66.1105 (7) (av) With regard to a district that earns at least a "B" grade on its
report card under sub. (6m) (f) for the year in which the district would otherwise be
required to terminate under ~~this subsection~~ ^{par. (ak) or (am)} 10 years after that otherwise applicable
termination date if at least one of the following applies:

* 1. The planning commission adopts an amendment to the district's project plan
under sub. ⁽⁴⁾ (6) (h) 1.

* 2. If the district's project plan has been amended the maximum number of
times that are authorized under sub. ⁽⁴⁾ (6) (h) 2., the planning commission adopts a
resolution requesting that the joint review board authorize an extension of the
termination date as described in this paragraph and the joint review ^{board} ~~so~~ authorizes
the extension, except that the procedure described in this subdivision may not be
used more than once for that district. If the joint review board authorizes an
extension under this subdivision, the planning commission may amend the district's
project plan under sub. (4) (h) 1. as if the district's project plan had not been amended
the maximum number of times allowed under sub. (4) (h) 2.

SECTION 3. 66.1105 (17) (d) of the statutes is created to read:

66.1105 (17) (d) *Exception based on report card grades.* 1. Subject to subs.
2. to 4., if the average grade of all tax incremental districts in a city, under sub. (6m)
(f), is a "B" in any year, the 12 percent limit under sub. (4) (gm) 4. c. shall be 15
percent.

2. If the average grade of all tax incremental districts in a city, under sub. (6m)
(f), is less than a "B" in any year subsequent to a year in which the the 12 percent limit
becomes 15 percent under subd. 1., the limit shall revert back to 12 percent if the
equalized value of taxable property of all existing districts within the city is 12

percent or less of the total equalized value of taxable property within the city. ~~any of~~
~~the following apply:~~

~~a. No new districts were created in the city between the time that the limit was raised to 15 percent under subd. 1. and the year in which the average grade of all tax incremental districts in a city, under sub. (6m) (f), is less than a "B."~~

~~b. A new district was created in the city between the time that the limit was raised to 15 percent under subd. 1. and the year in which the average grade of all tax incremental districts in a city, under sub. (6m) (f), is less than a "B", but the equalized value of taxable property of all existing districts within the city is 12 percent or less of the total equalized value of taxable property within the city.~~

3. If the average grade of all tax incremental districts in a city, under sub. (6m) (f), is less than a "B" in any year subsequent to a year in which the the 12 percent limit becomes 15 percent under subd. 1., the limit shall remain at 15 percent if all of the following apply:

a. A new district was created in the city, or the project plan of an existing district is amended and adds territory to the district, between the time that the limit was raised to 15 percent under subd. 1. and the year in which the average grade of all tax incremental districts in a city under sub. (6m) (f), is less than a "B."

b. The equalized value of taxable property of all existing districts within the city is more than 12 percent of the total equalized value of taxable property within the city.

4. If a city's limit under sub. (4) (gm) 4. c. becomes 15 percent under subd. 1. and the city creates a new district that increases the equalized value of taxable property of all existing districts within the city above the 12 percent limit under sub. (4) (gm) 4. c., the limit shall revert to 12 percent if all of the following occur:

a. Due to the termination of existing districts or the subtraction of territory from an existing district under an amendment to a project plan, the department of revenue determines the equalized value of taxable property of all existing districts within the city is 12 percent or less than the equalized value of taxable property within the city.

b. The average grade of all tax incremental districts in a city, under sub. (6m) (f), is less than a "B" in the year in which the determination described in subd. par.

4. a. occurs.



State of Wisconsin
2013 - 2014 LEGISLATURE



LRB-2309/P2
EVM:jld&sac:jf

PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION

1 **AN ACT to amend** 66.1105 (4m) (a), 66.1105 (6) (f) 1. (intro.), 66.1105 (6) (g) 2.,
2 66.1105 (8) (e), 66.1105 (18) (b) 11. a., 66.1106 (3) (a) and 66.1106 (7) (e) 2.; and
3 **to create** 66.1105 (2) (ak), 66.1105 (2) (f) 4., 66.1105 (2) (hm), 66.1105 (4) (bm),
4 66.1105 (4) (gm) 2m., 66.1105 (4m) (aw), 66.1105 (6) (a) 12., 66.1105 (7) (ao),
5 66.1105 (7) (c), 66.1105 (17) (d), 66.1105 (19), 66.1106 (1) (jt), 66.1106 (1m) (am),
6 66.1106 (3) (e) and 66.1106 (11) (bm) of the statutes; **relating to:** short-term
7 tax incremental districts and expenditure of tax increments for relocation of
8 commercial or industrial enterprises.

Analysis by the Legislative Reference Bureau

This is a preliminary draft. An analysis will be provided in a subsequent version of this draft.

For further information see the **state and local** fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

INS 6-2.5

Section #. 66.1105 (2) (f) 2. b. of the statutes is amended to read:

→ Except for a parking structure that supports redevelopment activities, the

66.1105 (2) (f) 2. b. ~~The~~ cost of constructing or expanding any facility, if the city generally finances similar facilities only with utility user fees.

History: 1975 c. 105, 199, 311; 1977 c. 29 ss. 724m, 725, 1646 (1), (3); 1977 c. 418; 1979 c. 221, 343; 1979 c. 361 s. 112; 1981 c. 20, 317; 1983 a. 27, 31, 207, 320, 405, 538; 1985 a. 29, 39, 285; 1987 a. 27, 186, 395; 1989 a. 31, 336; 1993 a. 293, 337, 399; 1995 a. 27 ss. 3330c to 3337, 9116 (5), 9130 (4); 1995 a. 201, 225, 227, 335; 1997 a. 3, 27, 237, 252; 1999 a. 9; 1999 a. 150 ss. 457 to 472; Stats. 1999 s. 66.1105; 2001 a. 5, 11, 16, 104; 2003 a. 34, 46, 126, 127, 194, 320, 326; 2005 a. 6, 13, 46, 328, 331, 385; 2007 a. 2, 10, 21, 41, 43, 57, 73, 96; 2009 a. 5, 28, 67, 170, 176, 310, 312; 2011 a. 10, 12, 32, 40, 41, 77, 137, 139; 2011 a. 260 s. 81; 2013 a. 2, 32; s. 13.92 (1) (bm) 2., (2) (i).

SECTION 1

IPS 5-21

SECTION 1. 66.1105 (2) (ak) of the statutes is created to read:

66.1105 (2) (ak) "Enterprise transfer" means the initiation of operations in a location by the same or an affiliated enterprise that has closed or substantially reduced operations in the same county or a contiguous county in the state.

SECTION 2. 66.1105 (2) (f) 4. of the statutes is created to read:

66.1105 (2) (f) 4. a. Notwithstanding subd. 1. and except as provided in subd.

4. b., project costs described under subd. 1. a. or 1. b. for a short-term tax incremental district may not include expenditures for, or used in connection with, the enterprise transfer of a commercial or industrial enterprise not currently located within the city.

b. Project costs for a short-term tax incremental district may include costs excluded under subd. 4. a. if, within one year after the enterprise transfer, the enterprise has increased the number of individuals it employs in the combination of the location from which it reduced or closed operations and the location to which it transferred and maintains the increase for not less than one year.

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~~SECTION 3. 66.1105 (2) (hm) of the statutes is created to read:~~

~~66.1105 (2) (hm) "Short-term tax incremental district" means a tax incremental district designated as a short-term tax incremental district under sub. (4) (gm) 2m. and approved by the joint review board under sub. (4m).~~

~~SECTION 4. 66.1105 (4) (bm) of the statutes is created to read:~~

~~66.1105 (4) (bm) Recommendation by the planning commission to the local legislative body as to whether the proposed tax incremental district should be a full-term tax incremental district or a short-term tax incremental district.~~

~~SECTION 5. 66.1105 (4) (gm) 2m. of the statutes is created to read:~~

~~66.1105 (4) (gm) 2m. Designates the district as either a full-term tax incremental district or a short-term tax incremental district.~~

1 **SECTION 6.** 66.1105 (4m) (a) of the statutes is amended to read:

2 66.1105 (~~4m~~) (a) Any city that seeks to create a tax incremental district, amend
3 a project plan, or incur project costs as described in sub. (2) (f) 1. n. for an area that
4 is outside of a district's boundaries, shall convene a temporary joint review board
5 under this paragraph, or a standing joint review board under sub. (3) (g), to review
6 the proposal. Except as provided in ~~par. pars. (am) and, (as), and (aw)~~, and subject
7 to par. (ae), the board shall consist of one representative chosen by the school district
8 that has power to levy taxes on the property within the tax incremental district, one
9 representative chosen by the technical college district that has power to levy taxes
10 on the property within the tax incremental district, one representative chosen by the
11 county that has power to levy taxes on the property within the tax incremental
12 district, one representative chosen by the city, and one public member. If more than
13 one school district, more than one union high school district, more than one
14 elementary school district, more than one technical college district or more than one
15 county has the power to levy taxes on the property within the tax incremental
16 district, the unit in which is located property of the tax incremental district that has
17 the greatest value shall choose that representative to the board. The public member
18 and the board's chairperson shall be selected by a majority of the other board
19 members before the public hearing under sub. (4) (a) or (h) 1. is held. All board
20 members shall be appointed and the first board meeting held within 14 days after
21 the notice is published under sub. (4) (a) or (h) 1. Additional meetings of the board
22 shall be held upon the call of any member. The city that seeks to create the tax
23 incremental district, amend its project plan, or make or incur an expenditure as
24 described in sub. (2) (f) 1. n. for an area that is outside of a district's boundaries shall
25 provide administrative support for the board. By majority vote, the board may

SECTION 6

1 disband following approval or rejection of the proposal, unless the board is a standing
2 board that is created by the city under sub. (3) (g).

3 **SECTION 7.** 66.1105 (4m) (aw) of the statutes is created to read:

4 66.1105 (4m) (aw) If review under this section relates to a short-term tax
5 incremental district, the board may not include any representative chosen by a
6 school district.

7 **SECTION 8.** 66.1105 (6) (a) 12. of the statutes is created to read:

8 66.1105 (6) (a) 12. Notwithstanding subds. 7. and 8., 14 years after the tax
9 incremental district is created if the district is a short-term tax incremental district,
10 except that, if the life of the district is extended under sub. (7) (ao), an allocation
11 under this subsection may be made for the period for which the district is extended
12 not to exceed 27 years.

13 **SECTION 9.** 66.1105 (6) (f) 1. (intro.) of the statutes is amended to read:

14 66.1105 (6) (f) 1. (intro.) Not later than the date on which a tax incremental
15 district terminates under sub. (7) (am) or (ao), a planning commission may amend
16 under sub. (4) (h) the project plan of a tax incremental district to allocate positive tax
17 increments generated by that tax incremental district to another tax incremental
18 district created by that planning commission if all of the following conditions are met:

19 **SECTION 10.** 66.1105 (6) (g) 2. of the statutes is amended to read:

20 66.1105 (6) (g) 2. If the department of revenue receives a notice described under
21 subd. 1. b., it shall continue authorizing the allocation of tax increments to the
22 district under par. (a) during the district's life, as extended by the city, as if the
23 district's costs had not been paid off and without regard to whether any of the time
24 periods specified in par. (a) 2. to 8. or 12. would otherwise require terminating the
25 allocation of such increments.

1 **SECTION 11.** 66.1105 (7) (ao) of the statutes is created to read:

2 66.1105 (7) (ao) Notwithstanding par. (am), for a short-term tax incremental
3 district, 14 years, except that the city that created the district may, subject to sub.
4 (8) (e), request that the joint review board extend the life of the district for not more
5 than 13 years.

6 **SECTION 12.** 66.1105 (7) (c) of the statutes is created to read:

7 66.1105 (7) (c) The department orders the district terminated under s. 66.1105
8 (19). Upon termination under this paragraph, the city becomes liable for all unpaid
9 projects costs actually incurred which are not paid from the special fund under sub.
10 (6) (c), except this paragraph does not make the city liable for any tax incremental
11 bonds or notes issued.

12 **SECTION 13.** 66.1105 (8) (e) of the statutes is amended to read:

13 66.1105 (8) (e) A city shall notify the department of revenue at least one year
14 before the date on which a tax incremental district is required to terminate under
15 sub. (7) (am) or (ao) if a joint review board approves a request to extend the life of the
16 district under sub. (7) (am) or (ao). If a city does not notify the department of revenue
17 by that date, the department may deny the extension.

18 **SECTION 14.** 66.1105 (17) (d) of the statutes is created to read:

19 66.1105 (17) (d) *Short-term tax incremental district exception.* The 12 percent
20 limit in sub. (4) (gm) 4. c. does not apply to a short-term tax incremental district.

21 **SECTION 15.** 66.1105 (18) (b) 11. a. of the statutes is amended to read:

22 66.1105 (18) (b) 11. a. Whether the district's life may be extended under sub.
23 (6) (g) 1. or (7) (am) 2. or 3. or (ao).

24 **SECTION 16.** 66.1105 (19) of the statutes is created to read:

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(see previous page)

2 66.1105 (19) DISPUTES RELATED TO ENTERPRISE TRANSFERS. (a) In this subsection,

3 "municipality" means a city, village, or town.

4 (b) A municipality in which an enterprise closed or substantially reduced
5 operations may request that the municipality in which the enterprise initiated
6 operations pay not more than the estimated amount of property taxes that would
7 have been paid over the subsequent 5 years by the enterprise if the municipality in
8 which an enterprise closed or substantially reduced operations reasonably believes
9 each of the following:

10 1. The closing or substantial reduction of operations and the initiation of
11 operations of the enterprise constitutes an enterprise transfer as defined in s.

12 ~~66.1105 (2) (a)~~
13 2. The municipality in which the enterprise initiated operations included in
14 project costs expenditures that are not permitted under par. (2) (f) 4. a. in relation
15 to the enterprise.

16 (c) If the municipality in which the enterprise initiated operations denies the
17 request under par. (b), the municipality in which the enterprise closed or
18 substantially reduced operations may petition the department of revenue for a
19 determination of whether par. (b) 1. and 2. applies.

20 (d) If the department of revenue determines that the petitioner municipality
21 has demonstrated the ^{applicability} application of par. (b) 1. and 2., the department may order the
22 respondent municipality to pay not more than the estimated amount of property
23 taxes that would have been paid over the subsequent 10 years by the enterprise or
24 may order the tax incremental district be terminated.

~~SECTION 17. 66.1106 (1) (j) of the statutes is created to read:~~

1 66.1106 (1) (jt) "Short-term environmental remediation tax incremental
2 district" means an environmental remediation tax incremental district designated
3 as a short-term environmental remediation tax incremental district under sub. (1m)
4 (am) and approved by the joint review board under sub. (3).

5 **SECTION 18.** 66.1106 (1m) (am) of the statutes is created to read:

6 66.1106 (1m) (am) Designates the district as either a full-term environmental
7 remediation tax incremental district or a short-term environmental remediation tax
8 incremental district.

9 **SECTION 19.** 66.1106 (3) (a) of the statutes is amended to read:

10 66.1106 (3) (a) Any political subdivision that seeks to use an environmental
11 remediation tax increment under sub. (2) shall convene a joint review board to review
12 the proposal. The Except as provided in par. (e), the board shall consist of one
13 representative chosen by the school district that has power to levy taxes on the
14 property that is remediated, one representative chosen by the technical college
15 district that has power to levy taxes on the property, one representative chosen by
16 the county that has power to levy taxes on the property that is remediated, one
17 representative chosen by the city, village or town that has power to levy taxes on the
18 property that is remediated and one public member. If more than one city, village or
19 town, more than one school district, more than one technical college district or more
20 than one county has the power to levy taxes on the property that is remediated, the
21 unit in which is located property that has the greatest value shall choose that
22 representative to the board. The public member and the board's chairperson shall
23 be selected by a majority of the other board members at the board's first meeting.
24 All board members shall be appointed and the first board meeting held within 14
25 days after the political subdivision's governing body approves the written proposal

SECTION 19

1 under sub. (2). Additional meetings of the board shall be held upon the call of any
2 member. The political subdivision that seeks to act under sub. (2) shall provide
3 administrative support for the board. By majority vote, the board may disband
4 following approval or rejection of the proposal.

5 **SECTION 20.** 66.1106 (3) (e) of the statutes is created to read:

6 66.1106 (3) (e) If review under this section relates to a short-term
7 environmental remediation tax incremental district, the board may not include any
8 representative chosen by a school district.

9 **SECTION 21.** 66.1106 (7) (e) 2. of the statutes is amended to read:

10 66.1106 (7) (e) 2. The donor district terminates under sub. (11) (b) or (bm).

11 **SECTION 22.** 66.1106 (11) (bm) of the statutes is created to read:

12 66.1106 (11) (bm) Fourteen years after the department certifies the short-term
13 environmental remediation tax incremental base of a parcel or contiguous parcels or
14 property under sub. (4), except that the city that created the district may, subject to
15 sub. (12), request that the joint review board extend the life of the district for not
16 more than 13 years.

17 (END)